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FINAL REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF THE UNITED NATIONS PROGRAMME OF ACTION FOR AFRICAN ECONOMIC RECOVERY AND DEVELOPMENT 1986-1990

Assessment of the implementation of the Programme of Action for African Economic Recovery and Development

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I. PREAMBLE

1. The United Nations Programme of Action for African Economic Recovery and Development 1986-1990 did not quite become a [coordinating focus] [focal point] for economic policy or for resource mobilization on behalf of Africa. [This may be related to the absence of regular United Nations and government debate or dialogue on its progress, unforseen events and shortcomings.]

2. Furthermore, the United Nations Programme of Action proved to be too optimistic in two basic senses. First, the concept of a global compact at continental level was difficult to achieve. Specific arrangements such as World Bank consultative groups and United Nations Development Programme round-table discussions for individual nations were not always directly related to the goals and targets of the United Nations Programme of Action. Second, hopes for a favourable external economic environment for Africa during the period 1986-1990 were not fulfilled. Sharp export price falls, real interest rate increases, declines in private sector investment and loans all severely limited the positive effects of efforts made by Africa and its development partners. The United Nations Programme of Action itself was

silent regarding who was to act if unforseen exogenous contingencies threw the Programme of Action off course; also, its review machinery did not clearly address this issue.

3. In most African States, it is recognized that revised economic reforms and good governance are a key to economic development. It is also accepted that recovery and renewed development will take longer to achieve than was hoped and projected in 1986 by Africa, as well as by donor States and international financial institutions.

4. Bilateral cooperating partners have recognized that speedy, low-cost turn-arounds are the exception, not the rule, or as several have explicitly noted, the time-frame for economic transformation and for agreed agendas for action should be seen in terms of decades, not years. In addition, perception has come much closer to African warnings of the damage done by the debt overhang and worsening terms of trade. Substantial action to overcome these obstacles to African recovery is now agreed to be urgent.

5. The World Bank accepts that sustained structural adjustment without rapid return to positive real per capita growth rates is difficult, especially in a context of broadening participation and political liberalization. The World Bank also views increased spending on human investment, infrastructure and reduction of absolute poverty as a central priority now that structural adjustment is placed in a 10- to 15-year time perspective, gradually phasing into structural transformation. These views are also widely shared by the donor communities and by African Governments. In general, the results achieved by those countries that have embarked on structural transformation have been better than those of countries that have not.

6. The reworking of United Nations system programmes in Africa around the goals of the United Nations Programme of Action was real and sustained but, by itself, was by no means large enough to place those goals at the centre of policy dialogue or resource mobilization.

7. Over the period 1986-1990 there developed broad agreement on the lines of short- and medium-term policy and of the need for that policy to lay the foundations for long-term sustainable growth and transformation. The African Alternative Framework for Structural Adjustment Programmes for Socio-economic Recovery and Development, adopted by the Conference of Ministers of the Economic Commission for Africa in 1989, and the World Bank Long-Term Perspective Study 1/ illustrate this in their very broad range of agreement on goals and instruments. Remaining divergence, while substantial, is largely on issues of timing, sequencing, contexts and balance of instruments. A reduction of the external debt burden of most African States and an enabling environment would make a valuable contribution to sustained development. A consensus needs to develop on how this can be achieved.

8. At some point in the 1990s, a legitimate post-apartheid Government will emerge in South Africa, whose changing role in the economy of Africa will be significant but cannot yet be defined. Because a high rate of absolute

poverty and very low human investment in a majority of its people will be the heritage of apartheid, post-apartheid South Africa may require external resource inflows, including official development assistance (ODA), although these inflows cannot yet be quantified and are not included in the total targets presented for Africa and its development partners in the 1990s.

9. Many of the African States have made progress in meeting their policy restructuring and resource reallocation commitments. However, none of the goals of the United Nations Programme of Action were fully realized. Targets for growth, food security, human investment and debt reduction were missed, so declines rather than hoped-for increases have been recorded by many States and for Africa as a whole.

[10. While there has been substantial variation by subregion and by country, only a minority of African countries have approximated meeting the targets of the United Nations Programme of Action nationally. The southern African subregion alone has (based on its national data, though not on some other calculations) attained output and food production growth in excess of population growth, but its debt-service and export-earnings targets have not been attained.]

[10 bis. One of the principal causes of this decline was that not all countries pursued sustained economic reform. Those that did received increased donor assistance and achieved modest gains in per capita GDP, agricultural production and exports. Non-reforming countries continued to decline in these indices, causing a continued trend for sub-Saharan African countries as a whole.]

11. The reasons for this record of non-success are clear. The bilateral and multilateral achievements with respect to net real resource transfers and debt burden reduction were below expectations. A number of African States did not, in fact, fully achieve policy and resource allocation adjustment and transformation. Africa suffered from a serious fall in commodity earnings. War and certain exogenous events, such as drought and collapse in the terms-of-trade, imposed devastating costs. Recent developments in the world political situation and on the continent give hope for drastic cuts in military expenditure.

12. However, the United Nations Programme of Action was far from being a failure. It assisted in focusing the attention of African and other Governments on the basic economic, human and governance problems of Africa. By so doing, it did achieve policy and efficiency gains and averted a more severe decline in net resource inflows. As a result, the economic decline afflicting Africa from 1981 to 1985 was slowed and, in many countries, halted. Furthermore, the process of African policy restructuring and its interaction with the analyses of external partners have led to substantial lessons of experience for all concerned.

II. SOME ASPECTS OF THE PERFORMANCE OF THE AFRICAN ECONOMY, 1986-1990

13. Taken as a whole, the performance of the African economies from 1986 to 1990, the period of the United Nations Programme of Action, was not satisfactory, with overall growth averaging less than 2.5 per cent a year. The economic performance of the African economy was, it is true, somewhat better than during the period 1980-1985. But output, in per capita terms, continued to fall.

14. The decrease in overall performance was in part accounted for by the unsatisfactory export situation. While 1986-1990 export volume increased an average of 10 per cent a year above that of the period 1981-1985, representing an annual growth of almost 4 per cent, earnings from exports were 18 per cent lower, which represented an annual average decline of 6 per cent. Trade gains fell below expectations by an amount exceeding $US 50 billion. Furthermore, in many key commodity areas, Africa suffered a decline in market share.

[15. The vital agricultural sector, which the United Nations Programme of Action stressed, grew by slightly over 2 per cent a year, both for domestic food crops and for export or industrial crops. This represented an annual decline of approximately 1 per cent in food available per person and resulted in decreased food security overall. In certain countries, an increase in malnutrition was observed, despite increased imports of food. Increased dependence on food aid also resulted. The benefits of reform in agricultural prices were often positive, but were, in certain countries, limited by a number of factors, including natural disasters, war or civil strife, and a fall in world prices for export crops. There was also a general deterioration of extension services and other basic rural services.]

[16. The human condition of many millions of Africans continued to worsen. The World Bank states that sub-Saharan Africa is the only region in which the proportion of people existing in absolute poverty is rising. It now stands at over 30 per cent - equal to South Asia, where the proportion is now falling, meaning that if present trends hold, Africa risks becoming, by 1995, in terms of human deprivation, the most afflicted region in the world.]

[17. African Governments have made efforts to improve public services that represent human investment, such as rehabilitating, restructuring and increasing access to basic health services, education and pure water supplies. The results have been mixed, however, and taken on the whole, insufficient. It is true that the rapid decline in resources available for human investment experienced during 1981-1985 has been halted in over half of the African States. However, inadequate resources continue to place special constraints on the supply of drugs and other medical service supplies, on texts and other teaching material, and on the maintenance of water services, buildings and equipment. (In many African countries, it appears that low public sector wages and salaries erode morale and attendance and reduce the productivity of professional and supporting personnel.)]

18. It would, however, be wrong to paint a totally sombre picture of the economic results of the 1986-1990 period. Growth of output in the majority of African economies had begun, by 1989-1990, to equal or exceed population growth. Important policy reforms had been undertaken and priority given to the restoration of infrastructure and human investment together with measures to encourage enterprise. [The quantitative decline of export volumes that was typical of the 1970s and the deterioration of basic public services that characterized the 1981-1985 period have, in a majority of cases, been halted and partially reversed.] Requirements for good governance, human investment, an enabling environment and the reduction of absolute poverty are being articulated and brought into operation. A sounder basis for greater production and for improvement in the human condition now exist in many African countries. There is broad agreement everywhere that people are both the objective of and the most important means to the development and improvement of their living standards. The convictions of Africans on this are reflected in the Khartoum Declaration: Towards A Human-focused Approach to Socio-economic Recovery and Development, adopted in 1988, the African Alternative Framework for Structural Adjustment Programmes for Socio-economic Recovery and Transformation, adopted in 1989, and the African Charter for Popular Participation in Development and Transformation, adopted in Arusha in 1990.

III. ACTIONS OF THE AFRICAN COUNTRIES

Policy reforms

19. A majority of the African countries initiated and carried out substantial policy transformations during the 1986-1990 period. These have emphasized rationalization and liberalization of prices, especially exchange rates, food price structures and interest rates; prioritization of public expenditure towards human investment and infrastructure; and, where practicable, reduction of military expenditure. These policy reforms also aim at more efficient public sector management, enabling measures to facilitate enterprise and production and the broadening of access to economic and political participation (especially for women and poor rural households), and they include measures to reduce poverty, especially absolute poverty.

20. These policy steps were considered necessary, though generally risky and costly in social and political terms. For most countries undertaking and persisting in them, they have halted declines in per capita production. However, when such policies require extended periods of constant or lowered consumption, they face rising domestic opposition. Their continuation is frequently dependent on being able to show enhanced positive results. In a minority of cases, policy transformations have not been attempted or have been abandoned in the face of high initial costs and apparently low positive results. While understandable, in most cases this has led directly to continued decline of the economies and of the conditions of the peoples concerned, while also hampering increased participation and improved governance. While the efforts of the African Governments are key to economic progress, the donor community has a role in supporting these efforts.

Agricultural development and other sectors in support of agriculture

21. In general, agricultural policies and resource allocations have been prioritized. These have included price and marketing structure reforms, restoration of infrastructure, redesigned research and extension services. They also include programmes to increase the resilience of small farmers to adverse economic circumstances. The results have been positive but inadequate - a 4 per cent annual output growth rate is widely recognized as essential (for example, in the World Bank Long-Term Perspective Study 1/) but only 2 per cent has been attained to date. The southern African subregion has reached a 3 per cent trend equal to population growth. Constraints include inadequate technical knowledge; inefficient research and extension; falling world prices; inadequate access to inputs, despite services prioritization to domestic capacity rehabilitation; limited effective access of the poor, especially access by women farmers to agriculture services and markets; inadequate financial resource availability at both national and farm-household level; and high-cost public and private sector marketing systems.

Drought, desertification and environment

22. Drought, desertification and environmental degradation have received attention based on fuller recognition that Africa is more threatened by them than is any other region. However, improved water conservation and use, afforestation and family forestry as part of mixed farming, crop pattern alteration to lower vulnerability to drought, and other measures have had limited results. This is partly a factor of limited knowledge and experience and the short time since priorities were changed; but it also reflects the lack of resources to implement policies and the impact of pressure to export. Often, the result has been further soil impoverishment.

Human resources and human conditions

23. The rise in the proportion of people in absolute poverty to 30 per cent in Africa and 60 per cent in the worst afflicted countries demonstrates the impact of war, drought and resource shortages. In war-ravaged countries, the scarcity of food supplies led to famine, [in spite of efforts by the donor community to provide improved early warning systems and increased emergency assistance]. Only in a few countries has emergency relief assistance been available in time and distributed quickly enough to avert the displacement of large numbers of persons. Food for work (paid in cash or food) programmes have been devised and implemented at the micro-level, as well as more generally in some States, to help rehabilitate drought, flood and war victims.

24. Priority attention to human development - both in resource allocations and in restructuring to improve efficiency and access to basic services - has been a central theme in over half the African States. It has halted the rapid decline in access to basic needs and the deterioration of quality that occurred during the period 1981-1985, but has achieved clear improvements in only a minority of cases. In many cases, efficiency-improving policies were

only partially employed, partly because they required resources that were not available.

25. Human-centred concerns, such as those expressed during the United Nations Decade for Women: Equality, Development and Peace and in the adoption of the Convention on the Rights of the Child, have deeply influenced African thinking. Appropriate programmes are now emerging and policy rethinking is more generally in process. However, the results to date are limited, partly because of brief experience and partly because integrating new elements into mainline programmes - especially in agriculture, education and employment - has proven difficult. In the context of limited increase in resources for all programmes, difficult choices must be made in allocating available resources, often resulting in cuts in other existing activities. Only in health services has reorientation to support the needs of women and children made sustained progress over 1986-1990 period, notably in mother and child health, vaccination and immunization.

26. Population policies have been adopted by most African Governments. However, it is unclear how much impact they have had to date. The link between the provision of educational and technical services, on the one hand, and other key elements such as reduced infant mortality, enhanced food security, reduced malnutrition and enhanced female education, on the other hand, remains to be adequately worked out in a majority of cases. In cases where the link has been articulated and applied, there is evidence of a rapidly increasing use of services and declining family size. It is generally realized in Africa and by Africa's development partners that Africa's rapid rate of population growth, averaging over 3 per cent per year, slows the rate of Africa's recovery and development, thus constituting a development issue to be dealt with seriously.

27. During the period of the United Nations Programme of Action, there has been a clear downward trend in per capita health spending in real dollar terms, despite gains made in such areas as mother and child health care and immunization. Some diseases made a resurgence in Africa in the 1980s as health expenditures declined, with roughly two out of every three Africans now suffering from one or more debilitating diseases. The problem of declining health services is exacerbated by the continuing phenomenon of the "brain drain" with respect to trained personnel in the health field.

28. Over the 1986-1990 period, war imposed heavy human as well as financial costs on Africa ($US 45 billion in southern Africa alone, according to United Nations estimates). As of 1990, efforts to achieve peace have made substantial progress in southern Africa and other parts of the continent. The consolidation of survival policies and infrastructural safeguards is crucial in those areas, as is their more effective pursuit in the remaining war-ravaged States.

Trade and commodities

29. African States have given priority to policies to restore export growth. The quantitative rise in export growth to 4 per cent indicates considerable success. Unfortunately, declines in terms-of-trade have more than cancelled out this achievement in real export-value terms. African States have sought to act on the United Nations Programme of Action priority focus of commodity market improvement. Market prices for basic commodities, in general, continued to fall. Compensation or stabilization schemes were unable to compensate for declining commodity revenues during the period of the United Nations Programme of Action. African Governments were unable to move rapidly towards structural diversification and transformation of export patterns. Furthermore, Africa has in many cases lost market share in the face of new sources of competition, although some countries have adopted policies to regain it.

Debt service

[30. African States have developed a common set of guidelines for agreed debt and debt-service reduction (African Common Position on Africa's External Debt Crisis (1987), which was updated in 1989 and discussed at the forty-fourth session of the General Assembly, and they have devoted 30 per cent of export earnings to debt service. The 30 per cent of export earnings paid out covered only about 60 per cent of the debt service payable. The balance was largely rescheduled in ways that postponed the obligations without reducing them or went onto rising arrears balances. The United Nations Programme of Action goal of resolving the African external debt crisis remains largely unmet. External debt (largely from increased arrears, rescheduled amounts and accrued interest) rose 35 per cent over the 1986-1990 period. [Although many donor countries have cancelled or rescheduled debt on concessional terms, in accordance, inter alia, with Trade and Development resolution 165 (S-IX) of 11 March 1978, 2/ both before and during the United Nations Programme of Action period - for example, at the Dakar Summit in 1989 - a substantial portion remains largely unserviceable.] The presence of external debt deterred investment, hampered rational fiscal and external account planning and created grave problems for servicing new loans from the International Development Association (IDA) and the African Development Fund and other ODA loans. A number of creditor countries and institutions have recently put forward proposals involving greater debt and debt-service reduction for the low-income countries. At the second United Nations Conference on the Least Developed Countries, some called for the cancellation of all official bilateral debt owed by the least developed countries and other low-income countries facing severe debt problems and implementing sound economic policies in the context of International Monetary Fund (IMF) programmes. Another proposal was made to modify the Toronto terms of rescheduling by Paris Club creditors in a number of ways. The proposed Trinidad Terms are now under consideration in the Paris Club. An early agreement on this proposal will make a genuine contribution to improving the economic prospects in the countries concerned. [More recently, bolder initiatives, such as the recent debt-reduction agreements, have aroused high expectations among

debt-distressed countries in Africa.] The Personal Representative of the United Nations Secretary-General on Debt proposed the cancellation of 90 per cent of the bilateral debt service of poor countries and the conversion of the remainder to highly concessional long-term loans. He also proposed that Toronto-type debt relief should be extended to African middle-income countries, as well as more concessional development financing.]

Social and political stability

[31. Stability, participation and governance were areas of substantial, if uneven, progress in Africa during the 1986-1990 period. The number of States severely affected by war has been reduced. The security of people to pursue their daily lives and livelihood without fear of violence or arbitrary intervention by any person or institution has risen. Participation and human rights have been endorsed in the African Charter for Popular Participation in Development and Transformation, as well as in the African Charter of Rights and Duties. Progress in policies and practices to enable participation and make rights more secure is visible in many States. Accountability is operational in significantly more African States than in 1986. Good governance has been enhanced in many cases. The relationship of good governance and [democratic values and principles] [accountability] to successful long-term development has been recognized by most African Governments. Both financial and human resource constraints have limited the speed of the transformation.]

Implementation at the regional and subregional levels

32. Subregional and regional implementation have received significant attention, especially in eastern and southern Africa. The small size of virtually all African States means that many common goals can be pursued more efficiently in common, or on a coordinated basis, than separately. The Preferential Trade Area (PTA) for eastern and southern Africa has made significant progress towards enabling trade expansion via tariff preference, commercial clearing facilitation and documentary plus procedural harmonization. The South African Development Coordination Conference (SADCC) has coordinated transport and communications rehabilitation and development, knowledge creation (especially in agriculture and food security), production expansion and the mobilization of domestic and external finance for regionally identified priority projects, with substantial positive results. Other groupings - the Economic Community of West African States (ECOWAS), the Arab Maghreb Union, the Union of Central African States and the Economic Community of Central African States (ECCAS) - have had important results. The Organization of African Unity has increased its economic policy analysis and coordination capacity, leading to the 1987 African Common Position on Africa's External Debt Crisis and to the preparation of the 1991 African Economic Community Treaty.

IV. ACTIONS OF THE INTERNATIONAL COMMUNITY

Governments of resource-transferring countries

Resource flows

33. Donor Governments understood the need in the United Nations Programme of Action for complementary resources to support the reforms and transformations to which the African States have committed themselves. A significant number have sought to act accordingly and have maintained or increased real resource transfers via ODA since 1985, despite, in several cases, significant budgetary constraints of their own. They have remained committed to Africa in the context of new needs in western Asia, as well as in central and eastern Europe. However, despite the fact that sub-Saharan African countries received, on a per capita basis, significantly larger ODA than other low- and middle-income countries and despite a 50 per cent current price increase in ODA to sub-Saharan Africa, the results have not met expectations.

34. Bilateral ODA, broadly defined, rose in current prices from $US 10.6 to $US 16.8 billion. However, in constant 1986 prices, the change was from $US 13.1 to $US 13.9 billion, only marginally over 1 per cent per year. Meanwhile, net export credits fell 50 per cent even in current terms, from over $US 2 billion in 1985 to $US 1 billion in 1990. Net private flows other than from non-governmental organizations fell from $US 1.8 to $US 1.4 billion in current prices. Non-governmental organization flows rose in current terms from $US 1 to $US 1.6 billion, or about 1 per cent per year in constant price terms.

Trade and commodities

35. Action to enhance African market access and diversification of exports and to reduce instability and catastrophic falls in commodity prices, as well as to provide compensatory finance for declines, was featured prominently in the United Nations Programme of Action. Protectionist barriers persist. African economies still depend on commodity exports, and diversification represents one of the highest priorities. Stabex, SYSMIN and the Swiss Compensatory Financing Programmes already exist. Various constraints, including conditionality and interest rates, restrict access to IMF compensatory facilities. After having reached a peak in the 1970s, commodity prices have collapsed to unprecedentedly low levels. Although exports grew in volume by 10 per cent during the 1986-1990 period over the 1981-1985 period, the share of African exports in world trade was dropping dramatically during the 1986-1990 period.

Debt obligations

36. Debt discussion has continued, and in the past two years creditor country positions have altered significantly. Realizing that the contributions by the international community to relieve the debt overhand were insufficient, creditor countries have presented a number of proposals for further debt alleviation. The proposed Trinidad Terms would provide for a 50 per cent

debt-burden reduction - by write-offs, interest-rate cuts or repayment spread-out - on official debt, including guaranteed export credits for low-income debt-distressed countries pursuing serious policy reforms and transformations. Recent debt-reduction agreements take similar approaches to debt-distressed middle- and low-income countries. Some donor countries have proposed cuts of up to 80 per cent for the most severely debt-distressed low-income sub-Saharan African economies. The Trinidad Terms envisage similar cuts in commercial external debt, with the present secondary market price (usually under 25 per cent of face value for debt-distressed countries and under 10 per cent for several African ones) as the starting point. Some buy-ups, by individual donors or under World Bank auspices, have taken place.

37. These shifts have been too recent to have a major impact to date. However, they do augur well for the 1990s. About 3 per cent of Africa's debt burden was cancelled or rescheduled at concessional interest rates over the 1986-1990 period. Because this was largely on concessional loans, debt service due was reduced by under 2 per cent and debt service actually being paid was reduced by only 1 per cent. Other rescheduling did not reduce the total burden of payment (indeed by lengthening the period over which interest was payable, the rescheduling often raised it) but simply shifted it forward, providing some relief from arrears build-up for a year or two at a time.

Technical and other external assistance

38. Technical assistance was approximately 25 per cent of ODA throughout the period. Problems remained, such as inadequate recipient participation in the selection of experts and the accountability of technical assistance personnel to national institutions and in the decision-making processes in Africa. The enhanced number of donor-paid and other technical-assistance personnel and the increased hiring of African nationals for such posts did increase short-term capability but at the price of fragmenting national policy formulation and implementation and of threatening longer-term African institutional and public service capacity-building. More positively, joint ventures with African training institutions and the creation, by the African Development Bank, the United Nations Development Programme and the World Bank, of the African Capacity-Building Foundation were encouraging developments.

United Nations system

39. The United Nations system - including the World Bank and the International Monetary Fund - sought to influence and to support African efforts to regain development through structural adjustment and transformation of policies and resource allocations. Multilateral official development finance (ODF) rose from $US 5.3 billion in 1985 to $US 8.5 billion in 1990 or from $US 5.8 billion to $US 6.5 billion in 1986 constant prices.

40. A substantial portion of the increase was centred on the World Bank, whose lending increased from an overall average of about $US 1.8 billion during the 1981-1985 period to around $US 3 billion during 1986-1991. With respect to IDA replenishments 8 and 9, sub-Saharan Africa's share of a

sustained constant total was raised from 33 per cent to 50 per cent. In addition, the World Bank spearheaded a Special Programme for Africa to mobilize and coordinate bilateral funds, which provided $US 18 billion in adjustment assistance and debt relief to 23 eligible African countries between 1988 and 1990. The World Bank also helped fund the African Capacity-Building Foundation to assist in developing the central economic analysis and management units in African Governments.

41. The IMF reduced net drawings by African States by $US 2 billion during the 1985-1990 period. While 8-9 per cent short-term drawings were unsuitable for African requirements, the Structural Adjustment Facility (SAF) and its extended version (ESAF), which are long-term low-interest facilities, remain less than half-utilized and did not fully offset reduction in standard terms drawings.

42. Other United Nations agencies raised disbursements on behalf of Africa to about $US 1.5 billion and to 50 per cent of all resources provided globally, in particular through special programmes for African countries affected by drought and desertification. While their programmes were focused mainly on and tested against the United Nations Programme of Action goals, they were limited in constant-price terms. This limitation flowed from the financial stringency confronting most United Nations agencies, and the United Nations Development Programme in particular, during the period 1986-1990.

South-South cooperation

43. Global South-South cooperation with Africa was enhanced during the 1986-1990 period. The focus was primarily on southern African economic and human survival in the face of destabilization. The Non-Aligned Movement's Africa Fund raised and disbursed not insignificant resources in this respect. Bilaterally, several South economies provided substantial technical and financial support to Africa.

Non-governmental organizations

44. Non-governmental organizations, as noted, increased resource transfers to Africa. In some cases these transfers assisted the strengthening of African non-governmental organizations and worked in partnership with or through them. In the North, the non-governmental organizations were among the most effective publicists and resource mobilizers for Africa in general and the United Nations Programme of Action in particular. The International Conference on Popular Participation in the Recovery and Development Process in Africa, held in Arusha in 1990, marked the recongition by both African and cooperating States that African non-governmental organizations and similar groupings had a crucial role in transforming human-centred development and good governance from goals into realities.

Structural adjustment programmes

45. Structural adjustment describes a set of actions by African Governments responding to their perceptions of the policy requirements needed to restore economic balance and to mobilize external resources for recovery and structural transformation. Likewise, structural adjustment programmes incorporated the views of the World Bank and bilateral resource donors of the macroeconomic policy weaknesses that hampered effective response to economic shocks in many African States.

46. Prior to 1985, structural adjustment programmes, as the World Bank acknowledged in the Long-Term Perspective Study, 1/ were often too short term in approach and, as a result, depended too heavily on demand reduction. Since 1985 there has been a shift towards supply expansion, initially underwritten largely by external resource flows but, subsequently, partly by renewed growth of domestic output. Human investment and poverty reduction have emerged as major themes in structural adjustment, and increased effort is being devoted to integrating them with the other macroeconomic policy goals.

47. Structural adjustment programmes, when also oriented towards the medium- and long-term development needs of the countries that have been implementing them and when persisted in, have, on average, resulted in output growth equal to or above population growth and also in significant increases in external resource inflows. Equally, most have resulted in a halting of previous declines in human investment and basic services spending. But their record on reduction of inflation, reduction of trade deficits and a reduction in numbers of people living in absolute poverty is much more uneven and not yet satisfactory, as the World Bank Long-Term Perspective Study 1/ notes. How to resolve these problems and to ensure that new rounds of African-owned country programmes achieve both sustainable growth and a substantial improvement in the human condition is a crucial question for the 1990s, which the African Governments, the World Bank, the United Nations Development Programme, and other resource providers are focusing on in national consultative groups and round-table discussions.

Notes

1/ World Bank, Sub-Saharan Africa: From Crisis to Sustainable Growth: A Long-Term Perspective Study (Washington, D.C., 1989).

2/ See Official Records of the General Assembly, Thirty-second Session, Supplement No. 15 (A/33/15), vol. I, part II, annex I.